

POLITICAL PARTIES, GAMES AND REDISTRIBUTION

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CHAPTER I

Political parties, games and income redistribution

The essence of politics is redistribution, and political conflicts centre on matters of distribution.

Karl Brunner

What are the incentives for income redistribution in democratic systems? At two opposite ends of the spectrum stand interpretations based on rational choice theory and political sociology. For the former, ruling parties redistribute income to maximise votes, for the latter, parties have contrasting distributive goals that are consistent with the interests of their core constituencies. Oriented towards the paradigm of representative democracy and pre-given electoral constituencies, the debate centres on the responsiveness of elected representatives to voters' demands. Advances in the literature on party politics, however, have exposed the limits of traditional approaches and provided a richer and more suggestive account of political games and redistribution.

The aim of this chapter is to compare, integrate and enrich traditional models with theoretical developments in the field of party politics. These developments are organised around the notion of political slack, the autonomy from voters that may give party leaders a substantial margin of freedom. Political slack signifies that information may be hidden or its disclosure postponed, rules may be changed or eluded, communication and coordination may be hindered or facilitated.¹ Above all, political slack may furnish party leaders with enough leeway to engage in redistributive games that exploit underlying dissension. In this view, redistributive policies stem from party conflicts and not from antecedents to those conflicts.

¹ The notion of political slack derives from the broader notion of organisational slack in the theory of the firm (Cyert and March, 1992).

TRADITIONAL REDISTRIBUTIVE GAMES: MEDIAN VOTER,
POLITICAL BUSINESS CYCLE AND PARTISAN MODEL

Rational choice theorists endorsing Downsian analyses believe that voters have specific preferences on redistributive policies, and that they select parties which are closest to their position in the policy space (Denters, 1993). In plurality-rule systems, if the frequency distribution of voters is single peaked, vote-seeking parties adopt policies close to the median voter (Downs, 1957; Hinich and Munger, 1997; Shepsle and Bonchek, 1997).² Parties alter their position in the electoral space to capture the median voter and, therefore, one should not expect that parties alternating in power formulate distinctive redistributive policies. On the assumption that median voters and median-income groups overlap, this model posits that the middle classes benefit from redistributive efforts (Tullock, 1983: 102–106). Along these lines many scholars have conducted studies focusing on the median voter as the key to understanding the politics of income redistribution (Bishop, Formby and Smith, 1991; Colburn, 1990; Lindbeck and Weibull, 1987; Persson and Tabellini, 1994; Scully and Slottje, 1989).

For other rational choice theorists the political business cycle best explains the impact of vote-maximising parties on transfer income (Griffin and Leicht, 1986; Nordhaus, 1975). This model assumes that the 'key economic element in the electoral-economic cycle is real disposable income' (Tufte, 1978: 29). Parties manipulate instruments of budgetary policies, such as taxation and expenditure, to achieve short-term electoral benefits. Political business cycles are typically characterised by spending cuts early in the term, followed by generous benefits later in the term. The pattern is expected to recur cyclically, with parties deferring the costs of pre-election increases in the level of transfer benefits until after the election.

Vote-maximising explanations of policymaking are sometimes criticised for placing unrealistic demands on both party leaders and voters. Scarce information on what actually influences voting behaviour suggests that party leaders necessarily rely on ideological assumptions about the nature of the electorate (Budge, 1994). Incomplete information,

² Vote-maximising parties will not implement redistributive policies aimed at capturing the median voter if: (a) there are multiple issue dimensions; (b) there is a single dimension, but the frequency distribution of voters is double peaked and alienation/abstentions are significant (Lindbeck and Weibull, 1987); (c) there is a single dimension but differential alienation/abstention across two parties; (d) there are more than three parties and easy entry for new parties.

coupled with mobility between income classes that has been induced by social programmes and market forces, means that the 'median voter is never entirely certain about his future position in the income distribution' (Bishop, Formby and Smith, 1991: 53). This conclusion is also reached by Rabinowitz and MacDonald (1989), who posit that voters have diffuse preferences over certain directions, rather than an ordered set of preferences along the policy space.

What is more, conceptions of parties as vote maximising teams beg the question of what defines a given party and what determines its boundaries. They also side-step vital issues related to the birth and diffusion of parties. Vote-maximising explanations typically leave unanswered questions dealing with party identification and systematically ignore the extensive body of evidence indicating that voters identify with one party instead of another (Campbell *et al.*, 1960; Heath *et al.*, 1991). These limitations acquire added force in the light of research findings that point to the stability of voting behaviour in Western democracies (Bartolini and Mair, 1990).

The partisan model addresses some of the weaknesses of rational choice theory (Alesina, 1989). Parties are conceived as agents representing deep-rooted social cleavages in the electoral arena (class, religion, ethnicity, agrarian) (Lipset and Rokkan, 1967: 1–65). These cleavages reflect the interests of well-defined social groups and carve the electoral boundaries of political parties. In the partisan model, party strategy is directed towards garnering support within a given constituency and, through a process of integration, towards the protection of that constituency from rival parties. For political sociologists parties emerge to express and manage social cleavages through the political process. Solidarity among social groups is the seed for the growth of political parties.

Political sociologists primarily focus on socio-economic cleavages. A typical assumption is that 'parties have contrasting income distribution goals that are consistent with the locations of their core constituencies in the hierarchy of income classes' (van Arnhem and Schotsman, 1982; Boix, 1998; Brown, 1995; Hibbs and Dennis, 1988: 469). Lower-income classes, which make up the core constituency of left-wing parties, have greater exposure to rising unemployment and normally bear a disproportionate share of the social costs of economic recessions. Their relative position in the income distribution is, therefore, improved by a generous system of social security. For this reason 'vertical redistribution and the oblivion of poverty . . . are goals which one might expect would

distinguish the social policy stance of parties and groups ostensibly espousing lower-class interests' (Castles and Mitchell, 1993: 116). It is important to note that redistributive struggles are considered to be inherently zero sum games, with one social class getting what the other one loses.

At first sight, the redistributive games summarised above appear incompatible. On the one hand, party leaders are portrayed as selfish and amoral vote maximisers, redistributing income in order to expand their share of votes. On the other hand, the redistributive choices of left-wing and right-wing parties are sharply differentiated, with Conservative parties exacerbating income differences and Socialist parties levelling them. These results, since they seem to be anomalies within both the rational choice and sociological perspectives, can be a starting point for reassessing the redistributive role of political parties.

ADVANCES IN THE THEORY OF PARTY POLITICS

The extant literature on the redistributive impact of parties does tackle some important questions, albeit in a framework which does not facilitate the cumulation of evidence or the systematic pursuit of theoretical models. One consequence is that some authors have questioned *tout court* the influence of parties on the redistributive process (Boyne, 1995; Cutright, 1966; Hoggart, 1987). They contend that structural imperatives, both national and international, economic and bureaucratic, limit the margin of manoeuvre of political leaders. Parties alternating in power seem to yield marginal and incremental/decremental changes in redistributive policies (Hall, 1986; Rose, 1974; 1984a).

Evidence supporting this argument can be marshalled from the experience of several liberal democracies. Contrary to expectations, the Labour governments of New Zealand and Australia have implemented substantial cuts in marginal tax rates, particularly at higher-income levels (Saunders, 1992). If party behaviour is couched in ideological terms these choices are inexplicable because regressive policies are normally associated to right-wing parties. Conversely, the Swedish Conservative government in the early 1980s adopted policies of continuity with previous Social Democratic programmes. Baldwin's (1990) important contribution on the impact of bourgeois parties in the development of welfare states adds weight to the contention that ideology is often a residual variable. The ideological divide between Left and Right over economic issues appears increasingly as an 'amorphous vessel'

whose meaning varies systematically across societies (Huber and Inglehart, 1995).

The alleged interchangeability of governing parties has stimulated a flurry of intellectual activity around the question, 'Does Politics Matter?' (Schmidt, 1996; Sharpe and Newton, 1984). 'Visions and realities' (Castles and Wildenmann, 1986) of party government have even led scholars to wonder, 'Where is the Party?' (Krehbiel, 1993). Much has been written on the crisis and decline of parties as relevant actors in the policymaking process (Wattenberg, 1997). Apparently brushed aside by direct links between interests groups and public administration, ruling parties have ostensibly failed to meet the demands of liberal democracies (Lowi, 1979). At best, neocorporatist arrangements superseded elected representatives by deciding on key issues which subsequently determined most remaining areas of policymaking (Schmitter, 1974); at worst, parties surrendered under the burden of governmental overload or resistance to change from public bureaucracies (Peters, 1989; Rose, 1984b). Whilst the importance of corporatism and governmental complexity cannot be denied, such claims tend to detract from an appreciation of the influence exerted by ruling parties in shaping redistributive policy.

Critics have noted that the emphasis on the failure and decline of parties may largely be misconceived. They stress that parties survive and persist through processes of adaptation and control, which stimulate change rather than decline (Mair, 1997b). Protagonists of the decline of parties debate seem to accept uncritically the reality of party control over the complex web of institutions and networks surrounding the state apparatus. Perhaps unrealistic hopes on the policymaking impact of governing parties have sparked deep dissatisfaction among policy analysts (Patterson, 1996). If this interpretation is correct, then one should really allude to crises of expectations rather than crises of parties. Katz and Mair find that there is little real evidence to suggest that the age of party has waned; 'on the contrary, their position has strengthened, not least as a result of the increased resources that the state places at their disposal' (1995: 25).

Discussions of party decline have prompted remarkably few re-examinations of the nature of parties. Arguably, if research on party government generates inconsistent results, it is less a problem of contradictory evidence and more a question of inadequate theoretical lenses (Blondel, 1995).³ Despite the consensus that politics matters, qualified as

³ The *International Political Science Review* has recently devoted an entire issue to the theoretical lacuna on the topic of party government (see volume 16, 1995).

it often is, Vowles and McAllister (1996: 192) note that political variables usually enter into comparative public policy research largely unexamined and frequently by the back door. Empirical research on the redistributive impact of parties seems to ignore established models of party government. For example, in Katz's well-known elaboration (1986), there are essentially three requirements of party government: 1 the most important decisions must be taken by individuals elected through party competition, or by individuals they have nominated and who are responsible to them; 2 policies must be formulated within the party in government in the case of one-party government, or after negotiations between parties in the case of coalition governments; 3 representatives nominated to the highest offices, such as Ministers or the Prime Minister, must be selected from within their party and be responsible to the electorate through their parties. In this type of government political parties control the formulation and implementation of public policies (Calise, 1989). Needless to say, this is an ideal type conception of party government, intended as a useful device for identifying empirical deviations from the model.

One aspect of this model of party government is the emphasis placed on intraparty politics. The second proposition explicitly states that 'policies must be formulated within the party in government' and the third proposition further highlights the role of intraparty politics in the selection of elected representatives. Yet with few notable exceptions (Brady and Epstein, 1997; Luebbert, 1986; McGillivray, 1997), scholars have paid little or no attention to the effects of intraparty processes on policy outputs. Before dismissing the impact of ruling parties on redistributive policies as a non-issue, an effort might be made to develop a better theoretical understanding of the ways in which competition and party politics shape these policies (Denters, 1993).

While the traditional views on the redistributive impact of parties have proceeded along the above lines, three very different approaches to the study of party politics evolved under the headings of party goals, party competition and party organisation. The argument developed throughout this book demonstrates that theoretical advances shed considerable light on redistributive games. For a start, models of party goals have moved beyond over-simplified patterns (Strøm, 1989); research on party competition has benefited from supply-side extensions to demand-side explanations (Boix, 1998; Dunleavy, 1991);⁴ and theorists of party

⁴ The term supply side is used to mean politician-driven rather than demand-driven policies.

organisation have convincingly relaxed the unitary actor assumption (Katz and Mair, 1992; Laver and Shepsle, 1990; Maor, 1998). For the purpose of this book, the primary contribution of these lines of inquiry is to shed new light on redistributive games.

PARTY GOALS: TRADE-OFFS AND PRIORITIES

Party goals have figured prominently in recent research on party politics (Harmel and Janda, 1994). Few discussions of party politics manage to get along without introducing some notion of party goals. Early rational choice models did pay some attention to strategic goals, but their depiction was somewhat rudimentary. Parties were portrayed as merely vote seekers aspiring to control government (Downs, 1957). Critics soon noted the limits of this perspective. They affirmed that political parties sought to expand their control over political office rather than to seek votes (Riker, 1962). The office-seeking party aimed at enjoying patronage prerogatives and at receiving benefits from private goods beyond their electoral value. Others deplored the 'policy blindness' of such studies because it concealed party efforts to carry out electoral pledges; they declared that the policy-seeking party was concerned with the ideological disposition of the coalition in which it participated (Budge and Laver, 1986; Klingemann, Hofferbert and Budge, 1994: 27–30).

These models seem to be based on the rather questionable view that goals are mutually exclusive; parties maximise votes, expand their control over offices or design and administer policies. From these standpoints a political party is dressed in a straitjacket, incapable of bargaining or negotiating over a set of goals. Party competition reflects a narrow, one-sided activity.

A broader definition of party behaviour sees its manifestations as many-sided and multifarious. Vote-seeking, policy-seeking and office-seeking evolve as special cases of competitive party behaviour under specific institutional conditions (Strøm, 1989). Party competition is a multiple goal undertaking, whereby leaders scrutinise a plurality of strategic moves. Party leaders endure each of these strategic aims in various arenas. They seek votes in the electoral arena but gain office and implement policy in the executive–legislative arena (Narud, 1996). Such arenas are interlinked power structures, where moves in one arena bear consequences in another arena, nudging leaders to play nested games (Batty and Danilovic, 1997; Tsebelis, 1990).

The perspective of party leaders as actors engaged in the pursuit of multiple goals within multiple arenas provides a refreshing improvement. Such refinement is very encouraging but it does raise important questions. If party leaders are able and willing to simultaneously pursue policy-seeking, vote-seeking and office-seeking strategies, then the question remains of how parties choose between conflicting goals. Working-class interests, for instance, cannot be fully represented when left-wing parties expand their share of votes to include middle-class votes (Przeworski and Sprague, 1986). Vote-maximising behaviour may thwart egalitarian objectives and principles. More generally, if ideologies are tied to social classes, and political parties try to appeal and attract voters from different social strata, the ideological dimension is inevitably blurred (Kirchheimer, 1966). The implication is that either reasons exist for undertaking one course of action instead of another, or alternatives must be equivalent.

A solution is to posit a 'trade-off frontier' between the achievement of one objective against another. Strøm declares that 'a theory of competitive political parties requires an understanding of the interrelations and *trade-offs* between different objectives' (1989: 570). Likewise, Budge and Laver contend that when 'we consider policy and office payoffs simultaneously, it is clear that policy concessions may be compensated by portfolios, or vice versa, in one of a number of possible ways' (1986: 498).

The idea of trade-offs between goals is compelling, but it does raise some empirical problems. For instance, although trade-offs entail no goal being subordinate to another, such 'subordination is, however, an implicit but fundamental consequence of the role that the theories typically accord to some form of "winning" criterion' (Budge and Laver, 1986: 498). A few illustrations may suffice to substantiate this claim. Perhaps the best-known example is Downs's dictum that 'parties formulate policies in order to win elections, rather than win elections in order to formulate policies' (Downs, 1957: 27–28); others find that parties are policy seekers and win elections to implement their programmes (Budge, 1994; Klingemann, Hofferbert and Budge, 1994: 27–30); yet others write that 'leaders ... want to be party leaders first, and to gain government power second' (Dunleavy and Husbands, 1985: 38–39). It is evident that party goals are generally perceived to be of unequal significance. The essence of this criticism is that party actors deliberately select their strategies with reference to a system of priorities. Thus a substantial literature challenges the view that no party goal prevails, implicit in the assumption that trade-offs are applicable to all goals.

There are at least two reasons adduced for the subordination of goals. First, it is highly plausible that party leaders have a salience ranking in their choices (Robertson, 1976). It is often unrealistic that two policy dimensions, such as taxes and expenditure, are ranked in the same order of importance. The second reason is found in decision theory and refers to the cognitive limitations of the human mind (Rubinstein, 1998; Simon, 1957: 241–260). Imperfect information and bounded rationality involve that the ‘situation is searched for alternatives that are related to the main [goal] and the alternatives are evaluated in terms of it’ (Lindenberg, 1988: 45). Experimental research shows that such pragmatic attitudes prevail when there is opportunity-cost time pressure (Payne, Bettman and Luce, 1996). In setting priorities to their strategic options decisionmakers resort to one primary goal.

The joint effect of cognitive limitations and salience ranking explains why some sort of hierarchy of objectives may be more commonly adopted than usually believed (Keeney and Raiffa, 1993: 41). This conclusion should not be surprising. If it were possible to simply trade-off strategic goals, it would logically follow that decisionmakers were indifferent to the achievement of one goal or the other. Consequently, party politics would be of no possible political interest because the choices made would *not* be the result of power conflicts but, indeed, a matter of indifference.

Recognising that party leaders pursue multiple goals within a system of priorities is a step towards bridging the gap between conventional models on the redistributive impact of parties. As discussed in the first section, the established debate centres on whether redistributive policies arise from vote-seeking or policy-seeking behaviour. This dichotomy seems now misleading, because both viewpoints fall prey to the objection that parties adopt a plurality of aims.

PARTY COMPETITION: ARITHMETICAL PARTICULARISM AND DIRECTOR’S LAW

The simultaneous pursuit of different goals is a key assumption of the directional model of party competition (Rabinowitz and MacDonald, 1993).⁵ The model assumes that voters have a diffuse understanding of policies and argues that vote-seeking parties will offer clear policy alternatives. Convergence to the centre of the policy space may be

⁵ See the symposium in the *Journal of Theoretical Politics* (vol. 9, 1997).

pointless if voters are attracted to candidates who are on the same side of an issue as they are. In this situation, party identification and instrumental rationality are inextricably entwined in the decisionmaking process.

Directional theory disputes the role of Euclidean distance in voting behaviour and throws light on why redistributive policies may differ when parties alternate in power. However, it endorses the assumption of exogenous preferences and hence of demand-driven strategies. Consequently, like other theories discussed so far, the directional model would be unable to answer a fundamental question: When are party leaders prepared to accept the trade-off between the government's budget constraint and social security contributions? All these theories therefore suffer from the same weakness. One reaction to this weakness is to argue that it is not really a weakness at all: income redistribution is a response to exogenous factors, such as the location of voters in the electoral space or the interests of the party's core constituency. Political parties are conceived as inputs that mechanically tie the demands of social groups to redistributive outputs.

The idea that public preferences set the public agenda has come under heavy fire for neglecting political slack, the independence of party leaders from voters (Aldrich, 1995; Dunleavy, 1991). Party leaders do not merely articulate social cleavages, but instead actively engage in defining those cleavages. Drawing upon evidence from seven European countries and 37 political parties, Iversen finds that 'the emergence of new political cleavages (conflicts over political issues) cannot be reduced to the study of the emergence of new social cleavages (divisions in people's life experiences)' (1994: 174).

Social cleavages are salient in any given society only to the extent that political parties mobilise the groups affected by those cleavages. Research findings indicate that electoral movement is positively correlated with political mobilisation, when parties mobilise voters electoral turnout is higher (Freundreis *et al.*, 1990; Patterson and Caldeira, 1988). Political parties are autonomous actors able to devise policy packages to forge new constituency identities, especially after major electoral defeats (Janda *et al.*, 1995).

This formulation may exaggerate the ease with which the electorate can be swayed by party leaders (Iversen, 1994). Stigler (1970), for instance, draws attention to Director's Law of income redistribution, which states that the middle classes have historically benefited from income redistribution, by strategically repositioning themselves in different voting coalitions. In the nineteenth century, when only excises

and real property were feasible bases of taxation, the distribution of tax revenues by income class would be relatively regressive; as taxation became proportional and expenditure consisted of universal benefits, the potential rewards from redistribution rose for the lower-income classes. 'In the long run the middle classes may have been beneficiaries of this process because they were in coalition with the rich in the nineteenth century, and are entering into coalition with the poor today' (Stigler, 1970: 9). The main problem with Stigler's model is that policy change is exogenous. To make sense of Director's Law in political terms, it is sufficient to note that social groups may change their party allegiances when ruling parties actively deploy redistributive policies to manufacture electoral coalitions. Policymakers may alter the redistribution of costs and benefits to mould winning coalitions of voters.

In practice this strategy translates in adjusting social relativities and in modifying the relative position of target groups or in maintaining social relativities and in protecting the relative social and economic position of social groups (Dunleavy, 1991). Decisionmakers may enact arithmetical particularism, aimed at forging coalitions between diverse sections of the electorate.

Viewing governing parties as autonomous actors helps to clarify their role in the redistribution of income. It points to the fact that the social interests, which ruling elites caters for, are not always pre-given, but may be created and activated by party leaders. This line of reasoning shifts the debate from voter-driven to politician-driven policies, and brings to the fore issues of strategic interaction between party leaders. However, a focus on party leaders raises the question of what limits the margin of freedom of party leaders.

PARTY ORGANISATION: PIVOTAL PLAYERS, STRATEGIC DISAGREEMENT, SEQUENTIAL ELECTIONS AND CORRELATED STRATEGIES

One way to resolve the question is spelled out in the literature that views the party as an organisation. Introduced in the pioneering studies of Michels (1959 [1915]) and Ostrogorski (1902), and expanded in the early post-war works of Duverger (1959) and Neumann (1956), the conception of parties *qua* organisations has recently come back into the limelight (Katz and Mair, 1994; Maor, 1997; Panebianco, 1988).

A central tenet of these developments is that parties are miniature political systems, where the making and breaking of coalitions between

contending leaders is 'the driving force of party life' (Katz and Mair, 1992: 12). It follows that there is little we can understand and discuss as long as the assumption remains that the party underworld is all alike, all made of one and the same stuff (Sartori, 1976). Yet unitary models are still the prevailing mode of analysis in most research on party behaviour (Strøm, 1998). The common justification for this approach is that simplicity is necessary in order to make the world intelligible and that the unitary actor has performed successfully in models of party competition (Laver and Schofield, 1990). But the best rejoinder to this argument is as follows. It holds if, and only if, by adding new variables the explanatory power of our results is not significantly enhanced.

Puzzles in party behaviour have prompted some analysts to re-evaluate the heuristic value of unitary models. There seems to be a growing awareness, especially among rational choice theorists accustomed to the unitary actor, that a disaggregated view of political parties may yield fruitful results. Laver and Shepsle, for instance, consider the general area of intraparty politics:

to be one of the most exciting and underdeveloped in the entire literature, since it generates the potential to provide some motivation for the actions of political parties, hitherto unrealistically seen by most theorists as anthropomorphic unitary actors. (Laver and Shepsle, 1996: 246)

To be sure, such weakness is not new to public choice analysts. Many years ago Coleman observed that leaders 'must concern themselves not only with winning an external battle, but first of all, with maintaining control of their own party as well' (1971: 35).⁶ Battles for the control of the party make internal governance a key analytical dimension. Disregarding this dimension rules out fundamental questions such as, What is the range of strategies that intraparty elites can play? And, is the mobilisation of resources a response to the actual or expected bargaining position of intraparty players? In short, by assuming away any consideration of internal governance we treat as *parametric* what is instead *strategic* because we take as given interdependent strategic action within the party in power.

We are thus unable to perceive party actors as Riker's 'heresetheticians', who strategically invent new policies to exploit underlying dissension, outflank contending rivals, or head off internal opposition (Nagel, 1993; Riker, 1986: 52–65); we cannot discern internal networks of coalitions that constantly exchange the resources necessary for the

⁶ Along these lines compare Aldrich and McGinnis (1989); Aranson and Ordeshook (1972).

fulfilment of their tasks (Schwartz, 1990: 9–15); we fail to identify the different faces, or aspects, of party organisations (Mair, 1997b); and we must grudgingly endorse artificial assumptions about preference homogeneity within parties (Laver and Shepsle, 1990: 506). Available models of party competition inhibit the identification of both the range of strategic options party actors enjoy and the type of incentives they can deploy (Aldrich and McGinnis, 1989; Cox and Rosenbluth, 1996). They prevent the analysis of institutional changes within the party organisation, and the impact of these changes on strategic games. The empirical chapters in this book show that alterations in the leadership selection rules or in the electoral system for party delegates deeply affect the dynamics of political games.

Retaining control of the party should be regarded as a fourth goal party leaders strive to attain. Cox and McCubbins (1993) forcefully argue that party leaders seek party maintenance, reselection and reelection. In the light of these considerations, theorists of party organisations have pushed the argument on party goals one stage further by noting that leaders are ‘motivated above all by a desire to remain party leaders’ (Luebbert, 1986: 46). Innumerable examples show that battles over party platforms are often acrimonious because the outcome stands as symbolic evidence of who controls the party, rather than as a guideline for the making of public policy (Ware, 1987: 125–126). Since the outcome of party platforms reflects the equilibrium of power within the party, it follows that changes in the internal balance of power may alter party policy.

Leaving aside the debate on the definitions of power, suffice it to note that some scholars have endorsed a concept of power in the tradition of social exchange theory, where power is considered a ‘relation of unequal exchange’ (Maor, 1992; Panebianco, 1988: 21–25). Studying the resources of power within party organisations involves focusing upon the zones of uncertainty or unpredictable areas of organisational activity (Mair, 1994). Following this line of reasoning, party politics scholars have identified four crucial resources of power: recruitment and selection, financing, decisionmaking authority and the distribution of incentives for political participation (Panebianco, 1988: 33–36).

It is worth stressing that a conceptualisation of power only in terms of resources is insufficient (Barry 1989: 226–229). There must also be the desire to use the resources and the willingness to bear the costs of using them. Despite these limitations, I agree with the contention that ‘the best starting point for the study of the relative power of groups in society

is an examination of their resources, given the rules of the game they are playing' (Dowding, 1991: 77). The way power resources are controlled within the party deeply affects the margin of manoeuvrability of party leaders. Different decisionmaking regimes enhance or undercut strategic flexibility, affecting the manner in which party actors take and enforce strategic decisions. The typical distinction is between centralisation and decentralisation of power. What emerges from this discussion is that the difference in the way power is distributed within the party is a key to strategic opportunities and bargaining outcomes. Any discussion of internal governance must start with viewing party organisations as 'politically negotiated orders' (Bacharach and Lawler, 1981: 1).

Previous explorations of the party underworld have proved invaluable in detecting the party-policy link. Policy outputs may hinge on the relative strength of party factions in the legislative or executive arena (Brady and Epstein, 1997). In Ireland, for instance, Sinnott (1986) found that intraparty politics influenced key policy areas, such as capital taxation, abortion and divorce. More recently, Kitschelt notes that social democratic strategies are accounted for by intraorganisational decisionmaking (1994: 93).

Pivotal players and strategic disagreement

A complete description of the internal dynamics of parties must look at horizontal interactions among party leaders and vertical interactions between leaders and followers. Horizontal interactions between elites may be viewed as games of position, power and status (Shubik, 1984 : 655). Not surprisingly, the bulk of research concentrates on bargaining between party elites, especially between members of national legislatures (Cox and McCubbins, 1994; Weingast and Marshall, 1988).

Intracelate games are often non-cooperative because each faction is trying to maintain or expand its power to the disadvantage of other factions. Critical here is the pivotal position, which can tilt the balance in favour of one or the other faction. A pivotal player is endowed with blackmail or coalition potential deployable in bargaining games. Redistributive games can be analysed as a two-stage game, where the pivotal player enters in the second stage.⁷

One way of consolidating internal power is to establish ties with subgroups of the electorate. These ties legitimise the existence and

⁷ A more complex game could certainly accommodate more than two stages.

power of the faction and explain why one faction may opt for maintaining social relativities, while another prefers to adjust them (Schwartz, 1994). Party leaders, for example, may appeal to different income groups by cutting taxes on one group, while offering more generous social security benefits to another group. Preference diversity implies that party leaders have more than one policy position.

Faction leaders, moreover, have to consider not only which redistributive proposal maximises electoral support, but also which proposal fosters enduring internal alliances. The 'income redistribution game which is zero-sum from the point of view of citizens need not be zero-sum from the point of view of elected representatives' (Frolich and Oppenheimer, 1984: 130). For one thing, politicians can engage in strategic disagreement which aims at avoiding reaching an agreement when compromise could alienate supporters or damage their prospects in upcoming elections (Gilmour, 1995).

Sequential elections

The discussion so far has been concerned with horizontal channels of influence. However, it may be at least equally interesting to concentrate on the process of power exchange between leaders and activists (Koelble, 1996). The vast majority of parties in liberal democracies require voluntary labour to conduct a variety of activities. Activists who join parties because they believe in a cause provide most of this work. For this reason leaders must persuade followers to cooperate by distributing ideological and solidaristic incentives (Scarrow, 1996; Ware, 1992; Whiteley, Seyd and Richardson, 1994).

Activists, moreover, may influence the selection of leaders. A telling illustration is provided by the leadership contest in the British Conservative Party in July 1995. The decision of the right-winger John Redwood to fight for the leadership raised concerns about the solidity of Major's internal support. Jeremy Hanley, then party chairman, warned Conservative MPs that Major's re-election reflected the wishes of the party constituencies. In his words, if 'MPs forget who sent them there, then they forget one of the most basic rules of politics. They were all selected by people who work very hard for the party.' As *The Guardian* editorialist continued the 'unstated warning is that any more messing around by dissidents would lead to deselection' (*The Guardian*, 5 July 1995: 3).

Research on leader-activist relations depicts leaders as vote seekers and activists as policy seekers, more committed to ideological or purpos-

ive goals (Erikson *et al.*, 1989).⁸ 'The general rule is that rank-and-file, more concerned with ideology and less in line for the other spoils of office, tend to resent ... policy compromises' (Laver and Schofield, 1990: 24). We can see the potentially disruptive effect of the leader–activist divergence with a sequential elections example (Aranson and Ordeshook, 1972).

Before proceeding further, it is important to note that there are two distinct definitions of sequential elections in the literature. One refers to successive *national* elections, the other to elections of different *types* of constituencies, such as MPs, activists and voters. In this book I use the second definition. Sequential elections obtain because, in order to gain office, leaders must win more than one election, for instance intraparty elections, conventions, primaries and national elections. A typical dilemma of party leaders is to capture the median voter without alienating the median activist (Coleman, 1971; Dunleavy and Husbands, 1985). Sequential elections exemplify the quandary of party leaders when the wishes of party activists differ from those of the wider electorate.

Correlated strategies

Party leaders seek to retain control over horizontal and vertical channels of influence by simultaneously striving for power in multiple arenas and distributing incentives to members and voters. Thus, adding the organisational dimension reconciles the two antonymic images of 'party as a tool and party as a faith' deployed by rational choice analysts and political sociologists (see Pomper, 1992: 148). Like most other organisations, political parties are for the most part mixed-motive settings, where actors have tentatively consented both to cooperate and compete.

If the organisational dimension is so crucial to understanding party policies, why have we been so slow to look inside the objects of our interest? For Lawson (1990) some of the reasons are normative and methodological. Normatively, the work of officeholders is considered to be the work on which parties themselves should be judged. The most visible task of political parties is achieved by their elected representatives, often in coalition with those representing other parties. As a

⁸ There is a lively debate in the literature on May's 'Law of Curvilinear Disparity' which asserts that activists are more radical than party elites (May, 1973). For an excellent review see Kitschelt (1989). For a recent reappraisal and empirical refutation with reference to the British case, see Norris (1995).

consequence, analysts have focused more on the relative strength of the parties in elections and less on parties as individual organisations in their own right. The second major obstacle to a closer examination of parties *qua* organisations is methodological. We have been in the habit of using readily available evidence, such as vote shares, and we have too often sought similar kinds of sources for scrutinising the internal workings of political parties.

This emphasis on the internal dimension should not obscure the fact that party organisations sometimes act as cohesive teams resembling unitary actors. The history of party politics affords ample evidence to show that certain conditions cement internal cohesion and trigger centralising pressures. It is well-documented, for example, that Bismark's anti-socialist laws helped to strengthen oligarchical control within the German Social Democratic Party (Roth, 1979). In representative democracies, moreover, it is generally believed that when electoral competition intensifies, internal wrangling wanes (Berry and Canon 1993). Unitary models have repeatedly proved their heuristic value; this book only places limitations upon them by suggesting that there are internal costs and opportunities attached to competitive behaviour.

Sudden availability of new options in the electoral arena may impinge on bargaining games within the party. Therefore threats to internal stability may stem from party competition (Mair, 1994). Correlatively, 'the *outer* moves of a party – the inter-party competition – are also a function of its *inner* moves, that is, of intra-party competition' (Sartori, 1976: 347). Party actors are constantly confronted with the need to stipulate, maintain or redefine alliances with their partners or with sections of the electorate. In a nutshell, internal and external games are interlinked.

Once we examine parties as miniature political systems, it is possible to interpret redistributive choices as the equilibrium solution of nested games played in multiple arenas with priority given to internal payoffs. This result furnishes a criterium to be used in specifying the arenas of analysis in that it indicates that the payoffs gained in different arenas are not interchangeable. Payoffs in the internal arena carry more weight because they affect the equilibrium of power between contending party leaders.⁹

⁹ The main problem here is that payoffs in the internal arena may delicately hinge on payoffs in the external arena. An illustrative example is the resignation of the party leader following an electoral defeat. Electoral losses lend ammunition to counter-elites by exposing the weakness of the dominant coalition.

Reconstructing the history of intraelite negotiations and conflicts in the light of their redistributive impact, an area not yet adequately researched, could thus broaden the scope of debate beyond existing controversies. The time dimension is useful to shed light on correlated strategies, where the actions of player I at time T depend on the actions of player II at time $T-1$. This approach clarifies the preconditions to redistributive choices and helps to understand policy outputs, overthrowing the paradox that, while all politics is dynamic, much political analysis is static (Box-Steffensmeir, Arnold and Zorn, 1997).

CONCLUSION: POLITICAL SLACK AND REDISTRIBUTIVE POLICIES

Scholarly work on the incentives for income redistribution in a liberal democracy has produced fundamentally different interpretations. The main theoretical division within this field is drawn between those who seek sociological explanations, on the one hand, and those who focus on instrumental rationality, on the other. Their similarities lie in the endorsement of the unitary actor model and preference-homogeneity among party leaders.

A central problem for sociological accounts remains their disregard of non-societal cleavages; their concerns contain no acknowledgement of elite-induced conflicts. This perspective reflects a general tendency in post-war political science to see the causal links between society and polity as running from the former to the latter, rather than the other way round. Established rational choice models fall prey to a similar difficulty. The autonomy of political parties in the redistributive process cannot be adequately addressed by prevailing demand-driven models, which assume that politicians are vote takers, and that their policies are dictated by exogenous variables.

Politician-driven explanations in many ways complement and integrate established models based on vote-driven accounts by suggesting that redistributive games are endogenously determined. Governing parties may try and persuade voters to sustain new redistributive programmes by engaging in arithmetical particularism or Director's Law of income redistribution (in the sense I have redefined it). Yet a central difficulty remains. Assessing whether redistributive policies are vote or politician driven fails to explain why governing parties accept trade-offs between social security benefits and budget constraints. My argument suggests that one of the routes into the problem is to look inside the party

organisation and to analyse the redistributive games played by party factions. Faction leaders may develop or attenuate their ties with electoral constituencies by reallocating costs and benefits to specific social groups. This step requires moving beyond unitary models of party politics, and endorsing a conception of parties as complex organisations where bargaining is ubiquitous.

Political slack then becomes the focus of analysis. Political slack in party organisations is based on the control of at least four resources of power: selection of party delegates and leaders, funding, decisionmaking rules and distribution of incentives for participation. The individuals or factions that control these resources of power gain a strategic advantage within the party because they can deploy them in bargaining games with their rivals. The analytical gains obtained from relaxing the unitary assumption in assessing the redistributive impact of ruling parties are worth reiterating. We are able to examine how party leaders deal with internal dissent over social security policy, which is often a function of how power is distributed within the party and of the coalition or blackmail potential of contending factions. Looking inside the black box helps to understand whether party leaders attempt to design policies that build or recraft public opinion in order to outflank their internal rivals as well as to forge new electoral constituencies. Hence we are able to achieve a more integrated view regarding the party in office, the party in the organisation and the party in the electorate, thus moving beyond over-simplified accounts of party politics.

Consistent with advances in the party politics literature we can formulate several theoretically derived expectations about income redistribution. Firstly, emerging factions need supporters – party members and voters – to legitimise their struggle for internal power. Since redistributive policies define the categories in need, new redistributive programmes may forge new electoral alliances among protected or risk-exposed categories.

Second, when circumstances trigger a profound change of a party's dominant coalition, the first target of the new elite is effacing the party image connected to the dislodged leadership (Janda *et al.*, 1995). When a political party acquires a new image it testifies to the end of an era and to the success of those 'new faces' holding positions of responsibility in the internal hierarchy. The implication for income redistribution is that manipulations of entitlement and eligibility rules by the newly established leadership may aim at shedding the old party image. Refashioning the party reputation on redistributive issues might not amount to a

wholesale replacement of the party's ideological tradition, but to an adjustment that blends existing policies with new purposive incentives. We should expect, therefore, that a newly established right-wing faction will push the ruling party towards less-interventionist, redistributive policies in order to estrange internal, rather than external, rivals. Correlatively, a newly established left-wing faction will attempt to expand redistributive policies and minimise the decisionmaking role of right-wing factions within the party. Thirdly, the demise of party factions brings about a radicalisation of redistributive programmes if competition is ineffective. Unconstrained by internal and external credible threats, the dominant coalition enjoys ample margins of manoeuvre to undertake radical departures from previous redistributive commitments.

The balance of power between party elites rests on the ability to control vital resources of organisational power, but this control can be affected by the options available in other arenas. New electoral rivals may weaken party factions by making inroads into their electoral constituencies, or may provide a timely challenge for the ruling party to alter its redistributive policies; weak party competition may strengthen radical groups within the party, which might otherwise be marginalised were competition effective – the British and Australian chapters offer clear examples of this. Internal realignments can also take place when generational turnovers happen at critical moments, such as during a period of prolonged opposition. The chapters on Canada, Australia and the USA illustrate the regularity of this proposition.

Of course, the interplay between internal and external circumstances is strongly influenced by the distribution of power within the political system. It matters, for instance, whether the system is presidential or parliamentary; it is important for policy outputs how easily prime ministers can dismiss cabinet members; it makes a difference to legislators' room-to-manoevre if their career prospects are dependent on patronage power.

In the chapters on Canada, Britain, Australia and the US we shall see how the different features of the political systems of these four countries hinder or sustain party leaders in their redistributive games. In this way, the book sheds new light on the old and important inquiry about the relationship between the role of elected representatives and redistributive policies.